

BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF WASHINGTON

In the Matter of the Application
regarding the Conversion and
Acquisition of Control of Premera Blue
Cross and its Affiliates.

No. G 02-45

DECLARATION OF
THOMAS E. KELLY, JR.

I, THOMAS E. KELLY, JR., make the following declaration:

1. I am an attorney representing Premera in the above-entitled matter.
2. The deadline for deposing lay and expert witnesses is December 5, 2003.
3. There are a large number of such witnesses that need to be deposed.

Premera has stated that it wants to depose all of the expert witnesses who will be testifying at the Conversion Hearing on behalf of the OIC Staff or the Intervenor Groups. The OIC Staff has similarly advised Premera that it wants to depose Premera's expert witnesses who will be testifying at the Conversion Hearing.

4. The OIC Staff has advised that it has 11 experts who may testify at the Conversion Hearing in regard to the 7 reports that the OIC Staff has submitted.

5. Premera will be submitting 7 reports today and now expects to have 7 experts.

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1 6. The deadline for identifying lay and expert witnesses is November 17th.
2 However, the Intervenor Lead Counsel have indicated that they will have some experts.
3 Premera plans on deposing all of the Intervenor's' experts.

4 7. The OIC Staff has estimated that it will have 5 lay witnesses. Premera
5 estimates that it will have 15 lay witnesses. The Intervenor Groups have not finalized
6 their estimate but it appears that they will have a number of lay witnesses.

7 8. While the parties have not committed to deposing all lay witnesses, I
8 believe that it is likely that a substantial number of the lay witnesses will be deposed.

9 9. The OIC Staff and Premera have been in discussions regarding the
10 scheduling of the depositions of their respective expert witnesses. And there have also
11 been some discussions with the Intervenor's on the subject. However, the parties have not
12 reached agreement on all of the scheduling issues.

13 10. We are also trying to arrange for a rolling production of documents that
14 would pertain to the depositions of the expert witnesses. Again, while there is a general
15 interest on everyone's part in cooperating, the devil is in the details or, in this case, in the
16 scope of what should be produced and in the deadlines for production.

17 11. I want to emphasize that, in bringing this motion, Premera is not criticizing
18 any party or any attorney. Rather, it just turns out that there is a lot of work to be done in
19 a short amount of time. It is apparent that the depositions will have to be double- or triple-
20 tracked in order to meet the December 5th deadline.

21 12. In order to get these depositions started as soon as possible, I believe that a
22 telephone conference as soon as possible with the Special Master is necessary.

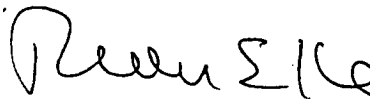
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SUITE 2000
NEW YORK, NY 10022

1 I declare under penalty of perjury of the laws of the State of Washington that the
2 foregoing is true and correct.

3 Dated this 10th day of November, 2003, at Seattle, Washington.

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7 _____
8 THOMAS E. KELLY, JR.
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THOMAS E. KELLY, JR. - 3

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